

EXECUTIVE SUMMARY

Montana State Fund (MSF) is as a non-profit, publicly owned, workers' compensation insurance carrier established by Title 39, Chapter 71, of Montana Code Annotated (MCA). MSF provides optional worker's compensation insurance for approximately 25,000 Montana employers. MSF is self-funded through revenues obtained from employer premium payments, and is governed by a seven member board of directors appointed by the Governor.

As the primary workers' compensation carrier in Montana, both employers and employees rely heavily on MSF for their coverage. Montanan employers who choose MSF as their workers' compensation carrier are considered policy holders. Each policy holder is required to pay an annual premium amount based on the type of business they operate and the amount of their annual payroll. By paying the premium, the policy holders ensure compensation for their employees injured while on the job.

To assist in the administration of policy holder accounts and premium payments, MSF maintains and operates a computer system called the Policy Holder System (PHS). MSF uses the PHS to assist in the administration of policy holder accounts and billing. The scope of this audit involved testing system controls in place to ensure the PHS was operating as expected in its primary functions of maintaining policy holder records.

The report contains two recommendations for the development and implementation of review procedures to ensure coverage levels are current in the PHS and excessive user access to the PHS is identified and removed.

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